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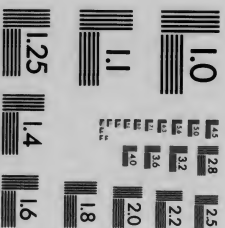
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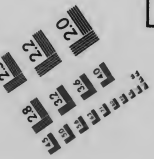
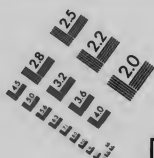


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Chandler, Wm. E.

Letters Against the 3 000 000 000
Railroad Trust Pooling Agreement

D530.3 — C36

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SCHOOL OF BUSINESS

LETTERS

AGAINST THE

\$3,000,000,000 Railroad Trust and
Pooling Agreement.

BY SENATOR CHANDLER.

CLERK OF THE HOUSE
JAN 10 1897
U.S. HOUSE OF REPRESENTATIVES

CONCORD, N. H., Oct. 9, 1895.
HON. WM. R. MORRISON, CHAIRMAN OF
THE INTERSTATE COMMERCE COMMISSION.

Sir:—In response to my letter of inquiry of the 30th ult. I have received your letter of the 3d inst. and also a letter from Mr. Commissioner Knapp, dated on the 5th inst., stating that the interview with him published in the Syracuse Post of August 20th, is a substantially accurate report of what he then said, for which he is solely responsible.

An interview like that of Mr. Knapp goes to the world, if uncontradicted, and the views of the whole commission and has substantially the same effect as if formally issued by the chairman. This interview is a most surprising pronouncement. It contains only two points, and no single word not confined to one or the other point.

The two points are

I.

That if the new trunk line agreement is a violation of the anti-pooling law, it is a criminal misdemeanor with which the Interstate Commerce Commission has nothing to do; and further that nothing has been done by the Trunk Line association which calls for action by the commission or would furnish it with a pretext even for investigation.

II.

That the Trunk Line presidents are only making an agreement to adhere to their published rates and to refuse to give favored shippers lower rates than they give other shippers; and are to be commended for making it.

To the first point it is to be replied that, if it is true, the public and the railroads had better join immediately in abolishing the useless and worthless commission. It will be a mere supernumerary statistical bureau; or worse than that, a superserviceable tool of the railroads to help them hoodwink and oppress the people.

But it is not true. The Interstate Commerce statute provides that any act by a common carrier or its officers or agents done or permitted or omitted contrary to the law shall be a crime. It also provides that upon complaint of any person or corporation, or of the railroad commissioners of any state or territory, the Interstate Commerce Commission shall investigate any violation of the law, and make an order compelling the criminal to desist; and if the order is not obeyed the Commission is to obtain a decree of a United States court compelling obedience. Section 13 also provides as to such investigations as follows: "Said Commission * * * may institute any inquiry on its own motion in the same manner and to the same effect as though complaint had been made."

This is a very plain tale. Either Commissioner Knapp knew or did not know these provisions of law. If he did not, he ought to be removed for ignorance. If he did, he ought to be removed for willful falsification.

As to the second point: It is the persistent trick and deception practiced by the advocates of the abolition by congress of all railroad competition. Everywhere the railroad mercenaries are crying out that the companies ought to be allowed to prevent the cutting of rates in favor of large shippers against small shippers.

Of course they ought. It is a crime for them to do it. Each company is compelled by United States law to fix and publish its rates and to carry for all shippers at those rates, no more and no less. Each company may loudly proclaim that it will obey this law and all the presidents of all the companies may get together on Mr. J. Pierpont Morgan's yacht, the *Corsair*, or anywhere else and verbally resolve that they will all obey this law, and not accept from A and B less than their published rates while they charge X and Y their full published rates. Nobody objects to their doing this. Everybody will praise them for doing this.

But what in the name of common reasoning is the argument that they should be allowed thus to obey one law, to do with the claim that they shall be allowed to disobey and defy another law? They may lawfully combine and confederate as much as they please to compel every road to adhere to its published rates to all shippers. They cannot lawfully combine and confederate to prohibit any road from lowering its published rates to all the world. They may swear and combine with each other that every road shall charge A and B the same rates that are charged X and Y, for that is the law. But they cannot conspire and contract together that no road shall reduce its rates to A and B, also to X and Y as well, for that is an unlawful trust and combination, and a crime.

It is not necessary to enable them to obey one law that they should disobey another law. It is not necessary that they should be able to prohibit every road from ever lowering its rates lawfully to everybody, in order to keep all the roads from lowering them unlawfully to a favored few.

It is not necessary that they should combine to keep rates from being ever lowered to A and B, to X and Y alike in order that they may keep them from being lowered in favor of A and B while they are kept up against X and Y. It is not necessary that all competition among railroads shall be destroyed in order to prevent discrimination between individuals as to the rates charged for the same or similar service.

The distinction I make ought to be clear enough even to the comprehension of Commissioner Knapp. Yet the railroads continue to harp upon the same string. "We want to stop discriminations. We want to protect small shippers." "Well, why in the name of decency do you not do this? Such discriminations are crimes. Agree and combine to stop them and the whole national government machinery will be at your service to aid you to stop them." "Oh, but we will not do this unless you will allow us to abolish all railroad competition whatever; and prevent any one railroad from lowering its rates to the general public without the consent of all the other roads." This is the whole case in a nutshell.

The reason why one crime must be committed in order to prevent another crime has not yet been shown. Yet it is touching to see and hear the solicitude of the railroad managers for the small shippers, "the men of small capital, the firms of little means, composed generally of young men, whose friends, believing in their energy, enterprise and honesty have advanced the money that they may go into business." "Just see the frightful competition they have to contend with." "Every business will be in the hands of a strong, consolidated organization which

we call a trust. It will destroy all opportunity for independent energy or competition or for that rise of young men which we have boasted has been one of the great opportunities of this country."

What is the remedy proposed for this sad case of the small-young-men-shippers of merchandise, who the kind and pitying railroad managers say are so much in danger of annihilation by trusts? It is to allow the wolves to eat the lambs in order to protect them from being worried by an occasional dog. Nine great railroads from the West to the seaboard, with \$3,000,000,000 capitalization, are to be permitted to consolidate their business; to abolish competition by their own agreement; to submit the rate making power to nine governors; to enforce their huge pooling contract by a clearing house and money penalties; and to establish—in defiance of existing law or by virtue of a new law the justification of which the congressmen who vote for it are to attempt to make in the election canvass of 1896—the most stupendous trust the world has ever seen! Go to, Mr. Chairman. This trust is not to be created if you and President Cleveland can prevent it.

The facts of the trust, you unthinkingly said, you did not know. But Attorney General Harmon and Commissioner Knapp say they know all about it, and that it is good. Find out the facts from them, and the clear vision of yourself and the president will tell you that it is evil. It is a violation of the anti-trust law as well as the anti-pooling law. Neither law contemplates your waiting till the crime is committed; both laws provide for effectual preventive measures. It is not yet consummated. Mr. Morgan, the governor of the nine governors, hesitates, doubtless already influenced by gentle and judicious presidential remonstrance. The president and yourself will not fail to crush this iniquity in the bud. You are both famous popular tribunes. Will you take the responsibility of fastening this \$3,000,000,000 yoke upon the necks of the people; and yet appeal to them for support in convention and at the polls in 1896?

Very respectfully,
W. E. CHANDLER.

CONCORD, N. H., Oct. 10th, 1895.

TO THE EDITOR OF THE MANUFACTURER:

In your article of Sept. 28, headed "Railroads and the People," you comment fairly upon the railroad claim, made to justify pooling, that "small shippers will have stable rates assured to them." But you do not sufficiently develop the point that the argument in favor of pooling based upon the right of small shippers not to be charged more than the large shippers, is a mere non sequitur of the railroads. The companies can stop favoritism to special shippers whenever they choose to make an honest effort to do so. Such discriminations are crimes; and the railroad managers can assemble with perfect freedom and agree to detect, expose, punish and prevent the crimes. Nobody will find fault, everybody will praise them for doing this.

The railroad presidents, however, are not shedding tears because the small shippers are paying higher rates than the large shippers! They are worrying for fear that, through competition, all the public, both large shippers and small

shippers, will get lower rates than the companies wish to give them.

They are determined, law or no law, to make an agreement in two parts:

I.

That each railroad shall maintain its published rates to all shippers.

II.

That no railroad shall lower its rates to all shippers without the consent of the nine governors who are to represent all the roads.

The second part, however, is all they are really seeking, and they put forward the arguments for the first part only as a blind to deceive the people. There is no need of a formal agreement covering the first part. Let the railroad managers simply obey existing law, and abstain from crimes to prevent and punish which the whole power of the state and national governments is at their command, and there will be no railroad discriminations; no higher rates to one shipper than to another, and no bribery by free passes.

This second part of their agreement, which is all they care about, is extremely atrocious. It creates a \$3,000,000,000 trust in restraint of commerce, it abolishes all competition among American railroads. Are the people of the United States ready for this? If not, they should arouse themselves, for the monstrous *horrendum* is opening its devouring jaws.

The deceptive character of the claim of the railroad managers that they cannot stop discriminations without the abolition of competition is discussed by me in a letter to the interstate commerce commission dated Oct. 2, a copy of which I send to you.

For the prevention of the crime mediated and almost consummated by the railroad presidents the people have a right to rely upon the enforcement of the ample laws against trusts and pooling, by the interstate commerce commission and President Cleveland. But the suggestion you make that the railroad companies regard the interstate commerce commission with something like contempt is quite true. This is not the fault of the law; it is the fault of the commission itself, which is a mixture of good and bad in equal proportions. Its apparent imbecility in the presence of the imperious magnates of the pooling agreement, now going on to completion in defiance of existing law, would be ludicrous if its injurious results to the people whom it has been selected to serve, did not make it calamitous.

Commissioner Morrison says he knows nothing about the agreement, and has no means of finding out! Commissioner Knapp says he knows all about it, and that it is praiseworthy and commendable! Attorney General Harmon says he presumes it is in accordance with law; so weakness or wickedness allows the public to be oppressed. Our only hope to prevent the triumph of the iniquity is in President Cleveland. His banker friend, Mr. J. Pierpont Morgan, is at the head of the \$3,000,000,000 pool. The president will stop him and his railroad associates. No chance will do it. If it will not do it, we know well enough that the president, if he gets aroused, will cause the indictment of all the railroad presidents the moment

they sign a pooling agreement. That indictment is what is likely to happen to them if they violate the law instead of asking congress to change it; which congress, however, will not do in the year 1896.

Yours Respectfully,
WM. E. CHANDLER.

CONCORD, N. H., Oct. 12, 1895.

TO THE PRESIDENT:

SIR:—The New York Times of yesterday states clearly what the nine Railroad governors and Mr. J. Pierpont Morgan are doing. The proposed crime against the anti-trust and anti-pooling laws is a public fact as distinct and evident as the Cuban rebellion, which your attorney-general eagerly labors to suppress.

I

All the competing railroads, with their \$3,000,000,000 capitalization, are to agree that no one road shall reduce its rates to the public without the consent of the nine governors of all the roads. This is a conspiracy in restraint of trade and commerce; and a crime according to the act of July 2, 1890.

II.

Each company agrees to deposit in the beginning and from time to time portions of its earnings with the nine governors. These earnings are to go back to the company if it continues to commit crime; but if it obeys law it is to lose the earnings, and they go to the other roads which continue steadfast in crime. This is a division of earnings forbidden by section 5 of the Interstate commerce law.

III.

Of course, like all great wrongs, these have their subterfuge and false pretence. The fraudulent deed in Twyne's case was carefully made to recite that it was done in good faith; we invaded and despoiled a neighboring nation falsely declaring that war existed by the act of Mexico; England attacks Venezuela to maintain the integrity of boundary lines; France conquers Madagascar, and Spain subjugates Cuba to give peace and liberty to the people of those islands. The American railroad conspirators expressly say their only motive is to detect and punish violators of the Interstate Commerce law, to protect small shippers from discriminations and to "act in harmony with the Interstate Commerce commission!" According to present appearances they have swallowed that commission, and will soon devour unhindered the substance of the people. The lambs will soon be inside the wolves, who leap forward as their kind and helpful guardians.

But Mr. President: These stupendous crimes can by virtue of express statutes of the United States, be suppressed in advance by national officials subject to your orders. Indeed, a single word from you to Mr. J. Pierpont Morgan will cause these confederates to desist. Will you act or will you take the responsibility of consenting as you will by inaction to a conspiracy against law which is within a few weeks, as soon as the elections are over, to raise the prices of food and fuel to all your beloved people. "Heshall take care that the laws be faithfully executed." Thou art the man.

Very respectfully,
WM. E. CHANDLER.

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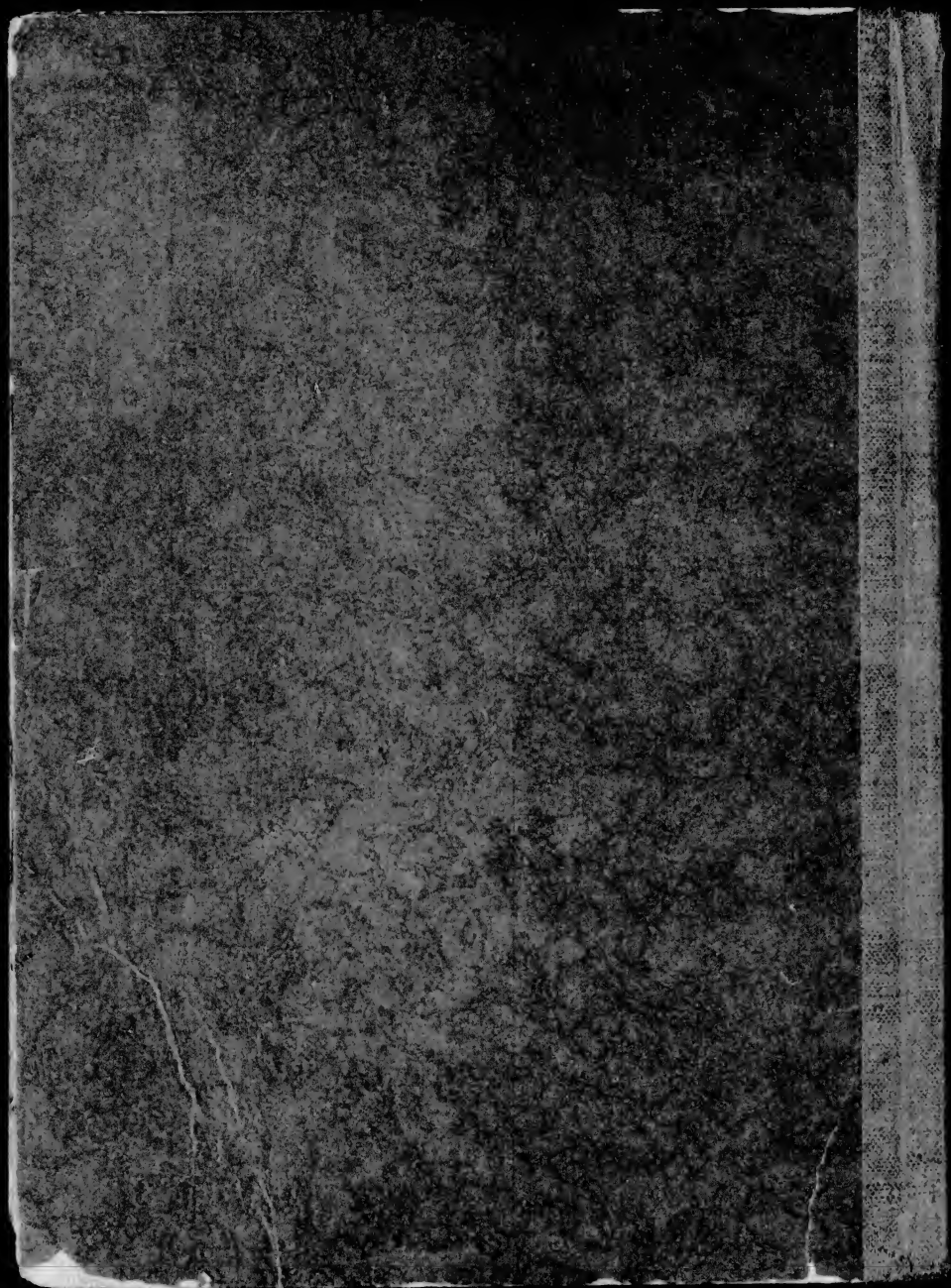
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Chandler, Wm.E
Letters Against the 3 000 000 000
Railroad Trust Pooling Agreement

JUL 29 1949



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